

REMAKING SOUTH BEND

Mayor Stephen J. Luecke

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Introduction

Good evening President Dieter, Councilmembers, honored guests and residents. It is my privilege to report to you the 2009 State of the City. First, let me say: Welcome to Century Center. A generation ago, community leaders had the foresight to build this edifice. They turned our city's focus back toward the river as a source of quality of life. Today, the building remains remarkably fresh and functional, serving as community space as well as a convention center. We show hospitality to nearly 150,000 visitors a year in some 525 events, including 21 conventions and trade shows. Another 200 events took place across the street at the College Football Hall of Fame. Last summer, on the spur of the moment, we were able to move ArtBeat inside both venues to escape bad weather. What a versatile facility we have! We continue to upgrade its infrastructure, striving for greater energy efficiency, including replacing two large boilers with six smaller units. We're also refurbishing alarm systems, renovating bathrooms and refreshing sidewalks, partitions and other infrastructure. When the work is completed by May, it also will include improvements to Island Park, enhancing the experience at special events. This is a fitting spot for tonight's report. For just as we reinvest in and renew Century Center, so we must continually reinvest in and renew South Bend. From trading post to manufacturing powerhouse to regional center for arts, business and education, each generation has remade our city. Tonight, I report how we are remaking South Bend for the new economy.

Last year, I was proud to tell you that the State of the City of South Bend is strong. In 2009, that underlying strength remains. In fact, it has been enhanced in 2008 by several key developments that I'll discuss tonight. Nevertheless, unprecedented global, national and statewide changes in 2008 have taxed our strength and threaten to make our best-laid plans go

awry. Rising gas prices increased our cost of doing business, while the global economic meltdown has impacted growth, tightened credit, reduced tax revenues and all-but-erased our investment interest. The State of Indiana's property tax caps, enacted last year, significantly reduced the tax bills for our residents, but also reduced the revenues that support key services. Troubles in the automotive industry and manufacturing have caused our unemployment rate to double to 9.5 percent in St. Joseph County. This impacts all of us, even city government. According to the National League of Cities, 84 percent of U.S. cities are facing financial difficulties – up from 64 percent only six months ago. This is the highest percentage in the history of these surveys, which date back to 1985.

We've seen how dramatically our world has changed in the past year. Our national crises have awakened Americans to the importance of government's critical role in our economic livelihood. Two massive federal economic-stimulus packages have been put in place. At the local level, especially during a recession, we too need to invest in our economic future. It is precisely in times of crisis, that government needs renewed civic engagement with our best and brightest, the hard-working and the hard-pressed of our citizens. The inauguration of our country's first African-American President has revived a sense of hope – and a sincere belief in this country's promise. It has energized legions of volunteers who are eager to work together to remake America. South Bend, too, stands ready to respond to that call. Tonight I will highlight ways to mobilize our citizenry for creative collaboration in the people's government as we continue anew the work of *remaking South Bend*.

Times are Tough

The task ahead of us is not easy. Let's face it – times are tough. The recession is taking its toll on individuals and families, businesses and neighborhoods. Government is impacted too, not only with reduced resources, but also with increased demand for services. Difficult financial times call for ingenuity and resourcefulness. They call for us to pull together to advance our city and keep moving toward our goal. Like members of a crew team on the St. Joseph River, sometimes rowing with the current, sometimes against it, when everyone is in sync our efforts are multiplied and we make steady progress – even through choppy waters.

There are local impacts from the national economy. You know directly the personal stories of crises that come with unemployment; and the uncertainty for many who still have jobs

whether or not those jobs will continue. Tight credit, foreclosures and abandonment have increased the number of vacant homes in our neighborhoods and depressed the housing market. Last year, for the first time since 1995, we had fewer than 100 new home starts in South Bend. Nevertheless, despite the recession, we had 371 multi-family units started in 2008 and over \$134 million in total construction. We have made progress with demolition of vacant and abandoned homes around the city. Code Enforcement oversaw the demolition of 185 structures last year – a threefold increase from 2007. By removing these troublesome properties, not only are we eliminating potential crime spots, but we’re also preparing the way for new growth. And we will supplement that effort with federal Neighborhood Stabilization Program funds. There are numerous bright spots for infill housing and plans for new housing developments in the city. I’ll report on these later in the address.

The economy has also had an impact on crime in South Bend. For 2008, total reported major crimes increased 1 percent over the previous year. While the long-term trend remains positive, there are areas of serious concern for our residents and businesses. After having achieved a 23-year low in the murder rate in 2007, the number doubled to 15 in 2008, putting it back near the long-term average. Murders are highly visible and a tragedy for all who are touched by it, including family members and neighbors near the scene. They create fear in the community, especially when there is a string of them in close succession, as we witnessed last year. This fear exists even when it is clear that these are not random acts of violence. The vast majority of victims knew their assailant. I am grateful for the outstanding work of the Metro Homicide Unit to identify and arrest the perpetrators, providing compelling evidence for prosecution. Our local solve rate for murders is much higher than the national average. We are committed to removing these dangerous individuals from our streets and sending them to prison, demonstrating that the justice system does work. This success is important to help forestall family feuds that often erupt to avenge a shooting. An “eye for an eye” approach compounds the tragedy for generations like the Hatfields and McCoys or the Capulets and Montagues. We will continue to work with the community to remove illegal guns from the streets and to reduce the violence which leads to homicide, but when murders do occur, we will find the responsible parties and incarcerate them.

Although robberies, larcenies and arsons were down last year, I am deeply concerned about the rise in residential burglaries. These crimes are particularly frightening for homeowners

and renters. The total numbers are compounded by the incidence of scrapping from abandoned homes, but there were far too many break-ins at occupied residences. Police officers have done an exceptional job of capturing suspects, but this spree has expanded beyond the career burglar who is a one-person crime wave. Particularly disturbing is the number of juveniles involved in these residential burglaries. They should be in school. Chief Boykins is implementing a number of strategies which will help to reverse this trend, but we will need help from neighbors to keep an eye out for suspicious activity and report it to the police. I invite residents to join Neighborhood Watch. Looking out for each other really does work. We will supplement that effort with multiple eyes on our neighborhoods. Police are training Public Works staff and other workers who are about the city on a regular basis what to look for that might indicate illegal activity, and how to report it quickly so officers can respond. In addition to traditional police work, Chief Boykins has proposed implementing a Street Crimes Unit that would put more officers on the street during high risk hours and allow us to flood a hot spot with extra officers or to try new strategies for crime reduction. We are committed to keeping South Bend neighborhoods safe.

Of course, one of the challenges of any new initiative is finding the funds to pay for it. For South Bend and many communities around Indiana this has been exacerbated by the impact of House Enrolled Act 1001. Placing caps on the amount of property taxes paid is positive for property owners. With the receipt of their 2008 property tax bills, South Bend and St. Joseph County homeowners have seen significant decreases in the amounts owed, often realizing savings of greater than 30 percent. The challenge for local government is that these savings for residents create a corresponding loss of revenue which is needed to support vital services. This is further complicated by state and county delays in sending out property tax bills. This delays payment of taxes and distributions of revenues to all local units of government. Today, a month and a half into 2009, we still have not received all our property tax revenue from 2008. This not only makes it difficult to budget effectively and manage cash flow, but also forces us to borrow funds to cover the interim period. This creates an interest cost that we should not have to incur. We have worked hard to implement conservative fiscal policies and to build up appropriate cash reserves. I am proud of the strong financial position that South Bend has maintained. These times would be even bleaker had we not built a solid fiscal base. But our cash management policies will be undercut by reduction in property tax revenue and diminished local income taxes

(due to the economy). So, we have difficult choices before us. Conservative analysis by an accounting firm estimates that South Bend will lose \$8 million in property tax revenue in 2009, and \$18 million in 2010. We will not know the full impact of the caps until the 2009 tax bills are sent out. However, we project that over two years we must reduce our general fund and Parks Department operating budgets by almost 25%. During many long committee hearings last summer, we presented spending plans for the next two years that would keep our expenses within the reduced revenue stream. This equates to a loss of programs and services for our city. All departments will share in these reductions. I am meeting with Department Heads to refine our 2009 plans in order to maximize services and minimize costs. As we budget for 2010, we must look for ways to remake city government. This is a time for ingenuity and resourcefulness, for reevaluating our services and establishing priorities. We will be taking four steps to keep South Bend competitive, to allow us not only to survive, but to thrive.

1. First, we will seek continuous improvement in the services we provide. We will look for added efficiencies, we will consolidate when it makes sense, and we will restructure as necessary to be effective for our customers. Our internal auditor is reviewing various procedures to recommend efficiencies and increased accountability. IT enhancements, electronic time-keeping and centralized purchasing can bring thousand of dollars in savings. We will also emphasize performance management. We are undertaking a pilot project in Public Works with assistance from business and the Chamber of Commerce, Memorial Hospital and the University of Notre Dame. We will review existing programs and how they are delivered, looking for best practices, but also for our own creativity. This will become a model process for all our departments.
2. Second, we will focus on core services. We have already cut some programs -- from Commercial Corridors to After School, from shared-cost curb and sidewalks to direct support for several not-for-profit organizations. These initiatives were beneficial for our community, but were not core services. We will see other cuts as the 2009 spending plan is implemented. Looking to 2010, we will join with the Council and the community to prioritize what is most essential for the City to deliver. I appreciate and welcome the Council's investigation of Priority Based Budgeting. It takes the next step in Budgeting for Outcomes, which we began two years ago. I have been developing a process to solicit public input for our budget work.

With limited revenue, we need to focus on what services we will buy, rather than setting levels to cut.

3. Third, we will continue to invest in infrastructure, facilities and in opportunities to grow our economy. We will also invest in amenities that contribute to the quality of life and keep South Bend a community of choice. If we focus solely on reducing services and cutting programs, our future will be bleak. We must support private investment in our community that grows our assessed valuation and expands our employment base. We must fully develop the opportunities presented to us by MIND (the Midwest Institute for Nanoelectronics Discovery), and Innovation Park and Ignition Park. We must remake our economy to provide the good jobs that will sustain future generations.
4. Finally, we will seek new revenue sources to replace some of the funds that are being lost to the property tax caps. We are reviewing fees, and may implement new ones. If the Legislature provides other funding sources, we will investigate them. I commend this Council for the thoughtful consideration that you gave to my proposal for a Public Safety LOIT and a property tax relief LOIT. I believe that you acted in the best interests of our city and the broader community with a desire to preserve vital services. The discussion was hampered by the lack of critical information, especially by residents not having their property tax bills to see how much they would save. I still believe that some additional local income taxes are necessary to provide the full range of services that our residents and businesses expect. After the legislative session ends, I will meet with other local officials to see what options are available to us.

So, yes, times are tough. But so are we. The spirit of South Bend will prevail. We have come through much worse and survived. Whether the Great Depression or the closing of Studebaker. This community pulled together to remake itself and become the regional center for business and finance, for arts and entertainment, for education and healthcare. Yes times are tough. But we still made significant progress during 2008, despite the economy. Let me highlight some of the accomplishments from last year and reflect on initiatives that will help us remake South Bend anew as a center for innovation, commercialization and excellence.

Economic Development

A week ago in Elkhart, President Obama spoke about the loss of the American dream for so many families impacted by the 3.6 million jobs lost in this recession. Today, a new \$787

billion federal stimulus package is awaiting the President's signature. It seeks to save or create more than 3.5 million jobs – many through rebuilding our infrastructure. For some time, we've been mobilized in South Bend to respond. We've submitted a list of projects that would create a host of jobs and have a positive impact on our community. There are long-term projects that would change our landscape – a relocated South Shore with faster travel times to Chicago or a new interchange on U.S. 31 near Portage Prairie. There are road and sewer projects and important upgrades to existing infrastructure. There are initiatives that would support new economic-development strategies for the East Bank Village, the Coveleski Stadium area and the Northeast Neighborhood. And there are environmental initiatives that would reduce South Bend's carbon footprint while creating clean, green jobs.

Some of our stimulus requests are related to South Bend's long-term control plan to end combined sewer overflows. We're now in the fourth year of a 10-year, \$118-million plan that is reducing basement backups and sewage discharges into the river during rainstorms. Over the next 20 years, we will spend \$400 million to meet EPA requirements. **To date, we have:**

- Increased the wet weather capacity of our Wastewater Treatment Plant to 77 million gallons per day.
- Separated storm and sanitary sewers in neighborhoods with chronic backups. During last September's torrential downpour, we actually heard compliments from these neighborhoods.
- Improved repair and maintenance of our existing sewage system.
- Invested in creative strategies, like CSOnet, to reduce combined sewer overflows – and the high cost of new construction -- through use of new technology, developed right here

There is another way we are addressing these challenges. Earlier this year we hired Walkerton-based JF New, one of the nation's leading full-service environmental firms, to serve as a consultant providing a green solutions review of all City projects, including our long-term CSO control plan. Their technical experts will review engineering designs for lower-cost green solutions and to promote low-impact development. They are training our engineers regarding creative, natural and cost-effective solutions, such as rain gardens, bioswales and other best management practices to capture storm water near the source rather than transport it. We anticipate this sustainable, low-impact-development approach will save money, enhance our environment and position South Bend as an ecological leader.

As we look to stretch local resources, South Bend is leveraging federal and state funding in many of our road projects. We opened a widened Portage Avenue with a new entrance to Portage Manor, a multipurpose path and two new roundabouts. We've replaced damaged downtown sidewalks along Michigan Street with a more pedestrian friendly design, and improved streetscapes on two sections of Western Avenue. We've reconstructed intersections at Voorde and Bendix as well as Miami and Ireland, the latter including a half mile of new sidewalks. Intersection improvements are nearly completed on McKinley Avenue and Eddy Street, and we have plans to widen Douglas Road this year to support increased traffic, in part, related to the move of Brown Mackie College to a new campus featuring a three-story facility for its 850 students.

But much of our city's ability to stimulate economic growth is based in the creation of Tax Increment Financing or TIF areas. These targeted areas enable the City's Redevelopment Commission to capture the growth, or increment, in taxes that results from new development and make strategic investments in infrastructure to support that growth. With good planning and strategic use of TIF resources, major projects are changing our skyline. Five locations of construction cranes were highly visible exclamation points for our progress in 2008:

1. Starting downtown, a five-story addition to the 1924 American Bank & Trust building rose quickly as part of the new \$7.5-million American Trust Place mixed-use development at the corner of Washington and Michigan streets. The City of South Bend has provided support for the \$800,000 exterior façade renovation on the existing building, listed on the National Register of Historic Places. This work will make the 37,000-square-foot complex the perfect addition to the downtown's office, residential and retail market when it opens this summer.
2. Heading north, a massive crane helped workers near completion of the largest expansion in the 112-year-history of Memorial Hospital. We anticipate a grand opening early this year of the new \$79.4-million surgical center. The project, under way since 2006, will enable a 53 percent increase in the hospital's volume of surgical cases and, when complete, will represent one of the most technologically advanced surgicenters in the nation.
3. As many as five cranes have been in operation at Eddy Street Commons, the region's single largest commercial construction project in decades. The first began work on the 1,280-vehicle parking garage which anchors this high density, smart growth development. Despite

the economic turbulence and a bitter-cold winter the construction has kept on pace and has been a pleasure to watch.

4. The second area for cranes at Eddy Street Commons is on the west side of Eddy Street, lifting materials to construct the retail and residential space that will epitomize the new urbanism of this college town environment. The Legends Row condominiums overlook what will be a new gateway and a vital gathering place for city and university. Eddy Street Commons is having a positive economic impact on South Bend as nearly 800 people are employed during construction and many more permanent jobs will be created to staff two hotels, and the retail and office space, which will complement the hundreds of town homes, apartments and condominiums at the site.
5. The fifth crane also promises job creation. It emerged recently at Innovation Park at Notre Dame, the campus portion of the city's dual-site, state-certified technology park. More about that later.

These construction cranes mark the vitality of our city. There are also many smaller scale developments to highlight. IU South Bend marked a milestone in 2008 with the opening of River Crossing Campus Apartments – new student housing at the former Playland Park site. These handsome apartments are connected to the main campus by the graceful arched pedestrian bridge. This development is accompanied by positive retail growth in the neighborhood: a new Walgreen's at Lincoln Way East, and an expansion of Martin's supermarket across Ironwood. Growth of the IUSB campus reflects its stature and importance for the greater South Bend area.

In 2007 the Redevelopment Commission adopted a focused downtown strategy which is bringing results:

- Place Builders will break ground on Colfax Landing, a \$3.85-million, urban-oriented residential brownstone project along the East Bank of the St. Joseph River. Eleven condominiums will be located on the former Rink Riverside site, with completion of the development by fall 2010.
- WNIT Television is in the process of moving into the former WSBT building. It will be revitalized with \$6.5-million in new public and private investment, creating the WNIT Center for Public Media, including an exciting public atrium. With its connection to the Metronet, WNIT will become a key component in our telecommunications infrastructure. We're

already in conversation about partnerships that will take advantage of emerging media technology to benefit the public in new ways.

- In March, Mark Turner opened the long-awaited South Bend Chocolate Company Play Café, expanding this downtown landmark by 7,000 square feet. This is Mark's third expansion since the store opened in 1996.
- Baker & Daniels moved into beautifully renovated space in the KeyBank Building last year, complementing other improvements to the building and to the public plaza.

Strategic planning for the Coveleski Park neighborhood envisions a mixed-use complex of sports and entertainment oriented, commercial and residential projects. We have begun discussions with two businesses about locating here. Other strategic plans moved forward as well. The Phase 1 master plan for the East Bank Village north of Howard Park is characterized by waterfront recreation, expanded green space and walkable urban mixed-use development. This Thursday, the public will get its first glimpse of the Phase 2 master plan for the region south of Jefferson Boulevard along the river to Eddy Street. The second phase complements the earlier work proposing improvements to the Riverwalk, expanded infill and new residential housing at a variety of price ranges. Other components address connectivity and commercial uses.

Just beyond the East Bank neighborhood, the South Bend Clinic has made tremendous progress on a \$38-million capital investment – the largest expansion in its history. It will double the size of the downtown campus. Already, crews have completed a Colfax parking ramp, and medical office facility with ambulatory surgery center. This year, the original facilities will be renovated and a second parking ramp completed along LaSalle. Since the project began in March 2007, employment has grown at the Eddy Street site by 70 staff and physicians. Another 8 physicians will be added this year. The final phase is scheduled for completion in 2009.

All of our planning efforts build on community input and the principles developed in City Plan. In 2008, neighborhood residents, business leaders and city officials came together to create a plan for mixed-use development at LaSalle Square. Though current market trends do not support large-scale retail development at this site, we began moving ahead with other strategies to revitalize the neighborhood. With strong public support the St. Joseph County Public Library has remodeled and expanded its LaSalle Square branch. Currently, the City is working with Memorial Hospital and Saint Joseph Regional Medical Center to renovate a vacant office building into a west-side family-practice clinic, which should open this year. In addition, zoning

has been approved for 72 senior-citizen apartments as part of a \$7.4-million apartment complex. These are positive first steps toward the long-term revitalization of LaSalle Square.

Also on the west side, we are seeing significant development surrounding the museum campus. The St. Joseph County Salvation Army's Kroc Community Center surpassed the halfway point toward its \$10 million fund-raising goal with special support from an initiative by westside businesses in 2008. Work is also progressing at the former Natatorium on Washington Street, which will open this fall as the IU South Bend Civil Rights Heritage Center. This Center will be a monument to the civil-rights movement and our progress as a community and nation. Across the street, we're working with Notre Dame to transform the Hansel Center through adaptive reuse into the University's new Center for Latino Studies and art studios.

Successful economic development requires having the right infrastructure in place. South Bend is gaining national recognition for its broadband connectivity. Last summer, the St. Joseph Valley Metronet was recognized as a finalist in two competitions – the National League of Cities' "Award for Municipal Excellence" and the U.S. Economic Development Administration's "Excellence in Economic Development Awards." The Metronet's 47-mile network provides capacity for high-speed transfer of massive amounts of data to more than 30 major South Bend area businesses. The availability of robust, affordable and secure options for Internet connectivity helps position South Bend for high-tech economic development. Here's one example from 2008:

Cogent Communications, an international Internet carrier established operations last year at Union Station because of the Metronet. With operations in this country and in Europe, they view South Bend as a viable market to provide affordable broadband services. This provides local organizations another option to access Internet bandwidth at lower cost. Cogent's presence in South Bend is an important industry recognition of our technological infrastructure. Because of MetroNet, we have become a viable and affordable option for co-location of data centers and other business-critical, technology-based equipment.

The City of South Bend is remaking our relationships with business and industry through the Business Growth Initiative, a partnership with the St. Joseph County Chamber of Commerce. Nearly 430 visits were made to businesses in 2008 by Phil Damico. Phil was a point of contact for businesses making more than \$4 million of new private investment. I'm pleased to announce tonight that this initiative is one of five top finalists for a national award from the U.S. Chamber

of Commerce. In a year that has been plagued by daily reports of job losses, Phil and other City economic development staff made connections that resulted in increased jobs for South Bend:

- Lake Michigan Mailers opened a facility here.
- Several companies expanded including Gramtel, with a second data center in the Blackthorn area; AB Custom Fabricating, which bought a building next to its existing facility on Scott Street; and Imagineering Finishing Technologies, which bought a new facility in the airport industrial park.
- Near LaSalle Park, GTA Containers doubled its manufacturing capacity for collapsible storage containers with more than \$3 million in new investment on the west side.
- Stanz Foodservice completed a \$4-million freezer-building expansion on Progress Drive.
- Heraeus Kulzer Inc., a maker and distributor of dental products, relocated its North American corporate headquarters to South Bend, renovating an existing 25,000-square-foot facility on South Lafayette Boulevard. Already employing 61 full-time staff, Heraeus Kulzer added 35 new, permanent positions.
- Finally, at year's end, Fortis Plastics, an extruder of plastic components used in industrial and consumer applications, has moved some operations to South Bend at a site near the airport.
- And Bounce Logistics, a new startup last January, has grown from two to more than 40 employees today.

We continue to look for creative ways to support local business. Last December the Redevelopment Commission authorized the use of TIF funds for a job-training program serving businesses in the westside Airport Economic Development Area. Project Impact South Bend Inc. will prepare “at-risk individuals” to develop employment skills that address needs at local companies. We are also assisting The Apprentice Academy, which is developing an alternative school for the manufacturing sector and building trades. At the same time, City staff is working with Ivy Tech Community College as it plans for expansion to meet growing enrollment needs. Finally, we have supported efforts by the South Bend Community School Corp. and the business community to create a New Tech High School. This initiative, proposed to locate in the Marycrest Building, will help our children develop their talents and the skills that are needed for success in both the academic and the business world.

Public Safety

Economic development, with new jobs and investment, makes our city safer. On the flip side, a safe city is a critical requirement for successful development. More than 75 percent of our General Fund revenue is devoted to public safety. It is clearly our No. 1 budget priority. To put these vital investments in perspective, in South Bend we spend a higher percentage of our budget on public safety than a typical family spends on housing and utilities, transportation, food, healthcare and entertainment combined. As our budget shrinks, these services will be impacted.

Last year our Fire Department responded to 592 fires – an average of about 50 per month. During the same period, EMS crews went on 10,254 runs – that’s more than one every hour. That represents an increase over 2007 and has led to the addition of another medic unit. Twenty-eight firefighters completed paramedic or EMT-intermediate training last year, which enhances our ability to get trained personnel to the scene quickly during emergencies. This year we will save costs by providing in-house training for advanced cardiac life support to ALS personnel. In addition, we’ve also improved our life support equipment and practices:

- New cardiac monitors allow first responders to identify serious heart problems more quickly, exceeding national standards.
- We’ve implemented new therapeutic hypothermia protocols to decrease mortality rates.
- We also acquired nine thermal-imaging cameras – we now have one for each fire apparatus – to detect hot spots or people in structural fires.

In 2008, I appointed Darryl Boykins as Chief of Police. He has taken on the role with enthusiasm and creativity, seeking to enhance the efficiency and effectiveness of operations. Here is one example of our Police Department’s vigilance on burglaries. A woman in the 400 block of South Gladstone called 911 when a man entered her house with a handgun. Speaking with Dispatcher Matt Hamilton, the woman kept police informed as they secured the residence – breaking communication only once when the suspect entered her bedroom. Corporal Dave Gnoth arrived and saw the suspect trying to escape. Police apprehended the suspect hiding in bushes just down the block. The resident was able to identify the suspect. His handgun and the stolen property were recovered by police.

The increase in high profile crimes drew attention last year. But crime also decreased in three areas: arsons were down 29 percent, the lowest since 2004 – a heartening sign of perhaps a

lessening of problems related to vacant and abandoned properties. Robberies and larcenies also declined (larcenies to the lowest level in nearly 40 years). The 14 bank robberies in 2008 were about half the number the previous year, and our Detective Bureau solved 79 percent of those cases. One of these cases prompted the creation of a three-county Bank Robbery Task Force with law-enforcement agencies here, in Elkhart and in Marshall Counties, as well as the FBI and U.S. Attorney. We expect the unit to be fully in place this year.

The crime rate is influenced by many factors – the economy, drugs, gang activity, drop-out rates, and community relations. Much of police work is reactive, but we will continue to be proactive in seeking ways to keep South Bend safe. This means not only effective policing strategies and positive community relations, but also investing in parks and school programs, and economic development efforts to create new jobs for our community.

Since I took office in 1997 crime has dropped in every category. There have been spikes in some areas the last two years but we are committed to extending that downward trend line. The challenge will be sustaining adequate police personnel – and the quality of life factors that make their job easier – as we face declining revenues for our budget. Chief Boykins has reduced administration cutting a Division Chief's position and reducing the number of Captains from 15 (in 1996) to 10 today. We will continue to look for ways to maximize police presence including the use of technology.

A federal official described the South Bend Police Department as “one of the best equipped I've ever seen.” For example, in 2008 Notre Dame police called for help from the South Bend Crime Lab with a burglary at the University's ROTC facility. Charles Eakins, lab supervisor, lifted fingerprints from the crime scene and placed them into AFIS, our Automated Fingerprint Identification System. At a time when there were no suspects, the prints matched a subject with 16 prior arrests who is now the main suspect behind a string of ROTC burglaries at campuses around the nation. Once again, this shows that South Bend's investment in technology allows our police to solve crimes more quickly, more effectively and more comprehensively.

While statistics are helpful to assess our progress, we must not allow ourselves to be overwhelmed by them. It will take all of us, working together, to keep our community safe.

Tonight, I'm pleased to announce an expanded partnership for public safety. South Bend has been approved by the U.S. Department of Justice for an unprecedented second Weed & Seed site. This site focuses on the northwest side along Lincolnway West, an area that has been hard

hit with crime and vacant houses. This effort builds on successes in our first Weed & Seed area in the LaSalle Park, Oliver Gateway and Westside neighborhoods. The South Bend initiative is a collaboration of city, county, and federal partners to “weed out” negative factors and “seed in” positive influences in target neighborhoods.

Neighborhoods/Quality of Life

In 2008, *Forbes Magazine* ranked South Bend as the 87th Best Place for Business and Careers in the country, up 27 places from the previous year. Lost among the statistics, however, was the fact that South Bend ranked 9th among the 200 metropolitan areas for the lowest cost of living. The report highlighted what we already know – South Bend is one of the most affordable places to live in the country, providing a quality of life that is unparalleled for its price. You can live large here for little money. In 2008, we’ve taken steps to more effectively tell our story. Sue Solmos, a veteran real-estate agent and community activist from Indianapolis, is South Bend’s first residential marketing specialist. At a time when many Americans feel they cannot afford a home, we want to put out the welcome mat to demonstrate the great value of housing in our neighborhoods. Sue will work with real-estate agents and businesses to promote the range of quality housing options available in South Bend, targeting newcomers as well as to area residents who are looking for new options.

We’re also preparing the way for new housing development. Near Jefferson Boulevard and Notre Dame Avenue, Weiss Homes has built quality infill housing in the heart of the city. In 2009, they will be working with the Northeast Neighborhood Revitalization Organization to create additional infill housing west of Eddy Street.

With a \$4-million allocation from the federal Neighborhood Stabilization Program, we soon will direct additional resources to address vacant housing issues. We will focus on the areas of greatest need as determined by foreclosures, high-cost loans, vacancy rates and other factors. In target census tracts we will:

- Demolish about 60 blighted properties.
- Develop four new single-family homes on cleared properties for income-eligible families.
- Acquire and rehab nine foreclosed or abandoned houses for sale to income-eligible families.
- Create two group residential facilities for special-needs populations.

We are meeting tomorrow with State housing officials to seek additional federal funds for targeted rehabilitation of homes on the Near Westside and in the Northeast Neighborhood.

Our Parks and Recreation Department has been successful in seeking new resources in 2008. Working with the Community Foundation of St. Joseph County, we received a \$411,000 grant from the W.K. Kellogg Foundation to support accessibility at Potawatomi Park. The grant helped to fund:

- Creation of an accessible exercise path with exercise modules.
- The addition of a 15,000-square-foot universally accessible playground structure to complement Kids Kingdom.
- Picnic tables and grills specifically designed for people with disabilities.

The project, completed in July, was recently honored by the Indiana Parks and Recreation Association. (The state association also gave awards to programs at Rum Village Nature Center and the O'Brien Fitness Center.)

Nearby, at Potawatomi Zoo, we held a grand opening of Butterflies in Living Color, a new immersion garden in the former zoo greenhouse. In 2008, the new baby Amur Leopard was introduced to the public along with a new camel and warthog, and an exhibit focused on The Americas. We also began a \$1.5-million upgrade of infrastructure and animal exhibits. This work will have Potawatomi Zoo - Indiana's oldest zoo – ready for re-accreditation later this year by the Association of Zoos and Aquariums.

Citywide investments in our parks in 2008 included a new Leeper Park Tennis Center, new splash pads at the Martin Luther King and O'Brien Centers, a new playground facility at the King Center, a new walking path and pavilion in LaSalle Park, and a new irrigation system at Elbel Golf Course.

Our park facilities and recreation activities draw over a million attendees/participants each year. They play a major role in the quality of life for our region. We have begun updating the Parks Master Plan for 2009, conducting community focus groups in each council district and receiving 1,200 surveys from city residents. Here are a few highlights that don't show up in the surveys:

- Two Park employees, Healthy Seniors Supervisor Rose Kauffman and Senior Citizen Leader Linda Harrison, responded quickly, using their CPR training and an automatic electronic

defibrillator to save the life of a resident at the Howard Park Senior Center. Their success highlights the value of our efforts to increase training for park employees at all facilities.

- South Bend is among the first three U.S. cities with a special program working to reduce obesity in youth, ages 8 to 13. In October, we received national recognition from the U.S. Surgeon General for our We Can program. More parents in South Bend than any other U.S. city signed pledges to help children promote a healthier lifestyle.
- The U.S. Women's Olympic Softball Team played before 2,500 fans in June at the Belleville Softball Complex, which received its 10th James A. Farrell Award of Excellence as one of the nation's best-run American Softball Association tournaments. This regional attraction brings thousands of fans and players to our city each year.

We receive national attention through the College Football Hall of Fame. Last year the Hall hosted the national premier for "The Express," a film based on the life of Ernie Davis, the first African-American Heisman Trophy winner. The film coincided with a new exhibit: "Blood, Sweat and Tears: The History of Black College Football." We had terrific coverage of Enshrinement Festivities as we welcomed Joe "Pa" and Doug Flutie to South Bend. This year community groups are working to make the Festival even bigger as we welcome home Coach Lou Holtz.

Green Initiatives

There are many ways to be a champion. We are making the case to be recognized on environmental stewardship. Last Earth Day we took a major step forward when I signed the U.S. Conference of Mayors' Climate Protection Agreement. By doing so, South Bend has joined with other progressive American cities that have taken the Cool City pledge. Together, we will work to reduce the causes of global warming in accord with the international Kyoto Protocol on climate change.

As a Cool City, South Bend will strive to raise the green bar in our community. Through persuasion, education and example, we will tackle projects that are good for the environment and for economic development, that reduce energy usage and costs, and that beautify our city and help save our planet. Tonight, I want to tell you about some of those efforts already under way.

GREEN COMPUTING: On the day I signed the Cool Cities charter, we unveiled the first phase of a new green computing initiative at the Potawatomi Park greenhouse and

conservatories. This partnership between the city and the University of Notre Dame's Center for Research Computing reduces energy costs and greenhouse gas emissions by using heat from research computers to warm the city greenhouse. So, Notre Dame saves cooling costs for high-performance computers in the greenhouse's Desert Dome and the City saves heating costs. This initiative proves the theory behind the Cool Cities approach: Global challenges can bring out the best of our creativity, especially when the public and private sectors join together to find solutions. The second phase of this project will explore whether we can use the computers to heat the entire conservatory and greenhouse complex. A third phase has larger benefits.

At our Wastewater Treatment Plant, an anaerobic process breaks down biodegradable material in sewage. That process requires heat to maintain 95 degree temperatures year round. By placing high-powered computer servers at the plant, excess heat from the computers will supplement the anaerobic process. This step will again reduce cooling demand for the servers, and it will enable the city to accomplish two things:

- First, we will avoid more than \$100,000 annually in natural gas costs.
- Second, by maintaining a higher temperature, the process will enable the wastewater treatment plant to produce Class A biosolids, which can then be sold for use in landscaping. This initiative could provide total annual energy savings of about \$300,000 for public and private sectors. It's truly a win-win scenario.

GREEN RIBBON COMMISSION: These types of efforts provide the foundation for naming a Green Ribbon Commission, which will serve as a policy-advisory group to support the City in reducing global-warming pollution as well as energy costs and consumption. These leaders will recommend sustainable practices for adoption by city government, private businesses and local citizens. Jim Mazurek, director of sustainability at the University of Notre Dame, and Mike Keen, director of sustainability at Indiana University South Bend, have agreed to serve as co-chairs. I am excited about the potential initiatives that will emerge when we apply the best creative minds to these challenges. The Green Ribbon Commission will build on successes like Green Computing, and the conversion of our traffic signals to energy-saving LEDs. In the first year of the LED contract, we already have exceeded the projected guaranteed savings by \$69,000. The Commission will monitor other initiatives, like green solutions and the implementation of CSOnet, which could help us meet EPA standards and avoid some

construction costs. These successes and more to come will keep South Bend at the forefront of sustainability as we face new challenges.

ALTERNATIVE TRANSPORTATION: The City of South Bend is working to create a more bicycle-friendly community. Two years ago, I committed to create a 50-mile network of bicycle lanes and routes within the city over the ensuing five years. After two years we are almost halfway to our goal. Working with bicycling advocates, the City of South Bend developed a map showing a proposed bicycle network of more than 88 miles. This serves as a long-term planning tool for the City. Tonight, I am pleased to announce that Chris Dressel, one of our community development planners, will be the City of South Bend's first bicycle coordinator. Chris will serve as the point person in municipal government for all things related to bicycling, and will spearhead the development of a bicycling master plan for South Bend. He will also coordinate the city's support for efforts by the Bike Michiana Coalition to seek national designation from the League of American Bicyclists for South Bend as a Bicycle Friendly Community. Bicycling to work or school, to the market or park, enhances our quality of life. It supports our efforts to remake South Bend as a community of choice.

RIVERWALKS: In 2007, I also directed staff to complete plans for a riverwalk along the length of the St. Joseph River in South Bend. This year, beginning work in the spring, with our allocation of federal highway funds from the state, we will complete the final phase of the Riverside Trail from Oakwood Boulevard to Darden Road. Also this year, we will extend the Northside Bikeway to the IU South Bend campus thanks to a \$250,000 grant we've received from the Indiana Department of Natural Resources. This will enable us to link up with the pedestrian bridge and the new student apartments. The South Bend community began rediscovering the river as an asset some 25 years ago, in no small part thanks to the efforts of Michiana Watershed and others. With gratitude to George Kessler and the wisdom of early city planners, we have many beautiful stretches along the river that are public land rather than limited to private enjoyment. South Bend will continue to be a leader in building walkways and amenities that take advantage of the natural beauty of the riverfront.

But the St. Joseph River has also been about commerce, as well as beauty. We have begun conversations with key partners to explore the installation of a hydroelectric generator at the Century Center dam. This equipment could provide renewable energy to city facilities or to a

private partner. Such a project could include public access to a viewing chamber to see salmon navigating the fish ladder as well as the workings of the powerhouse.

These green initiatives will mean cost savings and opportunities for new economic investment. But, here in South Bend, we're setting our goals even higher – becoming a key community in powering up the new American economy through technological innovation.

MIND/Ignition Park

With the start of construction at Eddy Street Commons and Innovation Park, 2008 has been an eventful year for South Bend. For the greater region, however, the most significant event came on March 25. On that date, the NRI, composed of the world's leading computer chip makers – IBM, Intel, Texas Instruments and others – announced that the University of Notre Dame will host the newest U.S. nanoelectronics research center: MIND - the Midwest Institute for Nanoelectronics Discovery.

MIND will accelerate investment at our research parks and has the potential to transform South Bend. Just as the railroads, the Oliver Chilled Plow and the Studebaker automobile changed this city, this nanoelectronics initiative will move us into a new age, with international prominence. South Bend is emerging as a new center for research, discovery and innovation in the world today. We are committed to supporting the commercialization of that research. At the official announcement Governor Daniels stated that while other communities in Indiana have landed auto plants or other manufacturing centers, "this could lead to something bigger than all of them put together."

So, what is MIND? It is one of four national nanoelectronics research centers underwritten by the microchip industry. Based at Notre Dame, MIND coordinates related research conducted by 62 researchers from eight universities and four nanolab facilities. Collaborations also link the National Institute of Standards and Technology, Argonne National Laboratory, and the National High Magnetic Field Laboratory.

MIND will focus on finding the successor to the microchip – the architecture that will power the next generation of computers, iPods, cell phones and other devices that have yet to be imagined. The City of South Bend, with support from Project Future, was among the partners who helped secure the center with a \$1 million commitment. Over the next three years, support for MIND will exceed \$20 million. Beyond that, the City of South Bend has made major

commitments to support and nurture commercialization of research growing out of MIND. The leader of the industry's Nanoelectronics Research Initiative recently said, "Cities typically have not played the kind of active role that South Bend has when it comes to establishing these types of centers. The City of South Bend wanted to be an equal partner in promoting MIND, and has demonstrated its support economically and in other ways. ... This was very much a tipping point in our decision to locate MIND in South Bend."

To date, MIND has created seven new positions. An IBM assignee to MIND began working at Notre Dame in December. Area institutions of higher education, including Ivy Tech and the Purdue University College of Technology in South Bend, are adding nanotechnology programs to their offerings. Bob Dunn, MIND's managing director, and representatives of Notre Dame, Ivy Tech and Purdue are in the audience tonight. (I'd like to invite them to stand so we can acknowledge them.)

The creation of MIND coincided with extraordinary work involving the City, Project Future and Notre Dame to create South Bend's first state-certified technology park. Pat McMahon, executive director of Project Future, played a key role in bringing partners together for collaborative planning. Initially, we focused on the creation of Innovation Park at Notre Dame on 12 acres along Angela Boulevard, just south of campus. Construction is now under way for a three-story, 55,000-square-foot building. Three more buildings are projected over the next decade, representing more than \$50 million in investment and the potential for many new jobs and start-up enterprises. But the designation of MIND and other factors led us to change that first step into a giant leap – a leap from our past to our future.

When South Bend's application was approved last fall, it included an expanded plan, creating Indiana's first two-site certified tech park. Innovation Park is the core, but we also included 83 acres along Sample Street in the former Studebaker Corridor. This satellite site has recently been named Ignition Park. Companies formed at Innovation Park can graduate to Ignition Park and continue to receive support services and other benefits as part of the same state-certified tech park. Both sites will facilitate commercialization of MIND-inspired nanotechnology concepts as well as other high-potential technologies and ventures. Ignition Park has been the site of the state's most aggressive brownfield reclamation effort – the former South Bend Lathe came down in 2008 and Underground Pipe and Valve will face the wrecking ball in 2009. It will become the location for good paying jobs that remake our economy.

In addition to having two sites, South Bend's tech park achieved another first in Indiana—it is the first affiliated with two research institutions, the University of Notre Dame and the Indiana University School of Medicine at South Bend. These strengths will drive success.

Jeff Welser, director of the Semiconductor Research Corp.'s Nanoelectronics Research Initiative, remarked, "The establishment of Ignition Park, along with Innovation Park, demonstrates that South Bend and Notre Dame are following through on their commitments. You are not just talking about doing things – you are actually doing them. Together, South Bend and Notre Dame are taking bold steps toward transforming this area into a great source of technological innovation and product development in the future. When I look back to March 2008 when we announced the location of MIND in South Bend, and when I look at the progress that has been made since then, including establishing Ignition Park and Innovation Park, it reaffirms – without any doubts – that we made exactly the right decision."

I'm convinced, too. Just as with Eddy Street Commons, the South Bend-Notre Dame partnership is transforming the region, with support from Project Future, into a vital hub of nanoelectronics innovation and discovery.

Conclusion

Innovation is the process of making changes, of making new things - and making things new. With strategic investment in economic development and the opportunities presented by MIND, we are immersed in the creative process of change, of remaking South Bend's economy. Change is hard, but we have made important progress, even during tough times. I want to thank the Common Council for your support for key initiatives like MIND and Ignition Park; for your input in development strategies for Eddy Street Commons and LaSalle Square; for seeking ways to find new revenues and to sustain key services for our community. Today, as our country struggles to restart its economy, South Bend can be a place that ignites a new economy through creativity and discovery in our community. But this new reality will not be handed to us. We must make difficult decisions to achieve our potential. Decisions about the allocation of limited resources. Decisions about the amount of resources needed to continue investing in economic development and public safety, in parks and neighborhoods. Decisions about remaking South Bend.

Today we celebrate President's Day, with special recognition of the bicentennial of the birth of Abraham Lincoln, who was perhaps our greatest president. Born in Kentucky, raised in Indiana, and elected from the state of Illinois, President Lincoln held this country together during its time of gravest crisis. He preserved our founding ideals which have given America a special place among nations. His words offer inspiration for the challenges we face today:

The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew and act anew.

Times are tough, but South Bend is up to the challenge. By thinking anew and acting anew we can remake our community as previous generations have done before us, creating prosperity and opportunity. We can build on the shared vision that is City Plan, crafted with the input of thousands of residents. We can expand that citizen involvement with new opportunities for engagement. We can rely on the strong community partnerships we have forged to create Eddy Street Commons, the Metronet and other initiatives. We can capitalize on the unique opportunity presented through MIND and Ignition Park. We can help South Bend to thrive.

Our goal is clear. Let us think and act anew to make our way from these troubled times to the promised potential that a remade South Bend offers us. Thank you.